

**STATE OF UTAH  
DIVISION OF DRINKING WATER  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
FFY 2003 INTENDED USE PLAN**

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## **Section A: PLAN INTRODUCTION AND LOAN PROGRAM DESCRIPTION**

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### **I. Drinking Water State Revolving (DWSRF) Program**

The national Drinking Water State Revolving Fund (DWSRF) program established by the Safe Drinking Water Act (SDWA) Amendments of 1996, authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to States, which in turn may provide low-cost loans and other types of assistance to eligible public water systems to finance the costs of infrastructure projects needed to achieve or maintain compliance with SDWA requirements. States are also authorized to set-aside a portion of their capitalization grants to fund a range of activities including administration, technical assistance, source water protection, capacity development, and operator certification.

The Utah Legislature enacted Utah Code Annotated 19-4-101 et seq. establishing the Utah Safe Drinking Water Board. Utah Code Annotated 19-4-104 empowers the Board with rule making authority to meet the requirements of federal law governing drinking water. Utah code Annotated 19-1-105 establishes the Division of Drinking Water which is tasked with the responsibility to administer UCA 19-4-101 et seq. The Utah Drinking Water Board has promulgated rules for making loans incorporating the requirements of the federal Safe Drinking Water Act at Utah Administrative Code R309.705. Additionally, the Board is authorized by Utah Code Ann. 19-4-104(1)(a)(v) and 19-4-104(2) to promulgate rules for certification of operations and governing capacity development in compliance with Section 1419 and 1420 of the federal Safe Drinking Water Act.

The Utah Drinking Water Board, an eleven-member board appointed by the Governor, develops policies and procedures for program implementation and authorizes loans under the DWSRF. The Utah Department of Environmental Quality through the Division of Drinking Water directly administers the DWSRF program. The Division of Drinking Water's primary DWSRF activities include administering loans and managing and coordinating the fund.

The Division receives assistance and support from the Department of Environment Quality's Office of Support Services, the State Division of Finance, the State Attorney General's Office and the State Treasurer's Office. The salaries and benefits of the employees, as well as indirect costs based on direct salary costs, are charged to the DWSRF program. Employees charging time to the DWSRF program are covered by the State of Utah personnel benefits plan. The DWSRF program is charged a loan administration fee by the Division of Finance.

The DWSRF program requires the States to deposit to the loan fund an amount equal to at least 20 percent of the capitalization grant. Loan repayments made by assistance recipients return to the loan fund and provide a continuing source of financing.

The first year of funding was federal fiscal year 1997. The following table summarizes awards received by the Division of Drinking Water, the allocation between loan and set-aside funds and the required state 20% match.

<b>TABLE 1</b>								
<b>SUMMARY OF DWSRF GRANTS</b>								
Federal		Award Allocation						State
Fiscal	Award	Total		Loan Fund		Set-Aside Funds		20%
Year	Date	Amount	%	Amount	%	Amount	%	Match
1997	February 9, 1998	\$ 12,558,800	100%	\$ 9,755,575	77.7%	\$ 2,803,225	22.3%	\$ 2,511,760
1998	September 20, 1999	7,121,300	100%	5,633,100	79.1%	1,488,200	20.9%	1,424,260
1999	May 1, 2000	7,463,800	100%	6,019,720	80.7%	1,444,080	19.3%	1,492,760
2000	August 21, 2000	7,757,000	100%	6,515,880	84.0%	1,241,120	16.0%	1,551,400
2001	September 7, 2001	7,789,100	100%	6,542,844	84.0%	1,246,256	16.0%	1,557,820
2002	July 20, 2002	8,052,500	100%	6,384,100	79.3%	1,668,400	20.7%	1,610,500
	Total	\$ 50,742,500	100%	\$ 40,851,219	80.5%	\$ 9,891,281	19.5%	\$ 10,148,500

Allocation of DWSRF funds by EPA to the States is based on state needs surveys. The amount awarded to the State of Utah in each of the fund years was one percent, the minimum allocation. Utah has request and been awarded its annual allocation through federal fiscal year 2002.

The loan program funds low-cost loans and other types of assistance to publicly owned and privately owned community water systems and non-profit non-transient water systems to finance the costs of infrastructure projects. States are responsible for developing a priority system that identifies how projects will be ranked for funding and a list of projects, in priority order, that are eligible for funding. A description of the criteria and the method used for distribution of loan funds is outlined in Utah Administrative Code R309-705.

The Loan Fund makes loans to entities for projects that meet the eligibility requirements of the Act. Repayment must begin no later than one year after completion of the project. Loan repayment must be complete no later than 20 years after the completion of the project. However, a disadvantaged community loan may have up to 30 years as long as the period of the loan does not exceed the expected design life of the project. A minimum of 15% of all dollars credited to the Loan Fund must provide loans to small systems, those that serve fewer than 10,000 persons. Up to 30% of federal grants can be used for principal forgiveness for communities meeting the State's "Disadvantage" criteria

The Drinking Water Board has the option to change a hardship grant assessment in lieu of interest. Hardship assessments fees are calculated and paid in the same manner as interest. The DWSRF program places restrictions on the use of hardship fees and interest. Hardship fees have fewer restrictions than interest.

In addition to loan assistance to eligible public water systems, the program also emphasizes the prevention of drinking water contamination by allowing States to reserve a portion of their grant to fund activities that encourage enhanced water system management and source water protection. The funded activities are referred to as set-aside funds. Set-aside activities include:

- Up to four percent of the allotment to administer the Drinking Water SRF and provide technical assistance to public water systems;
- Up to two percent of its allotment to provide technical assistance to small public water systems;
- Up to ten percent of its allotment for state program management activities, including administration of the State Public Water System Supervision Program, administration of the source water protection program, development and implementation of the capacity development and operator certification programs;
- Up to 15 percent of its capitalization grants to assist in the development and implementation of local drinking water protection initiatives and other State programs

Utah also operates a State funded Drinking Water Assistance Program. The State program provides Utah the flexibility to put together loan packages without the restrictions that accompany the DWSRF program. The required State 20% match for the DWSRF program is generated from the State loan program. The set-aside dollar-for-dollar match required by the State Program Management set-aside is provided from general funds appropriated to the Division of Drinking Water.

The State is required to submit an annual Intended Use Plan IUP to EPA as long as the Fund or set-aside accounts remain in operation.

The State Auditor in compliance with the provisions of the Single Audit Act audits Drinking Water accounts. Drinking Water accounts are also subject to review and audit by the Office of the Inspector General. DWSRF Funds are included in Utah's Comprehensive Annual Financial Report (CAFR), which uses the modified accrual bases of accounting. Because

Funds are combined the Drinking Water assets, liabilities, and net assets are not identifiable in Utah's CAFR.

## **II. Introduction and Summary of the 2003 Capitalization Grant Application**

The State has agreed to prepare and Intended Use Plan (IUP) as long as the loan fund and/or set-aside funds remain in operation describing how the State will use all funds available to the capitalization grant, including funds that will be allocated to the set-asides. Specifically, the IUP must describe how all available funds, including capitalization grants, State match, loan repayments, interest earnings, and other monies deposited into the DWSRF program, are intended to be expended.

The State is applying for a Federal Capitalization Grant for Federal Fiscal Year (FFY) 2003 of \$8,004,100, \$6,473,444 will be added to the loan fund and \$1,530,656 allocated to the set-aside program. Moneys from the Drinking Water State loan program will be used to provide the federally mandated 20% state match of \$1,600,820. This loan program will help public water systems finance needed drinking water projects. The program will be administered by the Utah Drinking Water Board (Board), and the Utah Division of Drinking Water under the direction of the Board.

This Intended Use Plan (IUP) includes:

- Specifies on how the Board proposes to use FFY 2003 DWSRF funds;
- A description of the goals of the DWSRF program;
- A list of projects eligible to receive DWSRF funding, which identifies those serving less than 10,000 people;
- Cost estimates for listed projects;
- An estimate of funds anticipated to be available for financial assistance;
- Criteria for selecting projects to receive financial assistance;
- Criteria for determining which communities qualify for hardship status;
- The project scoring and ranking system.

DWSRF program and procedures that are not expected to change annually are described in the Operating Agreement.

## **III. Project Priority List**

The complete priority list is attached as Part B. A short list of anticipated projects (at the top of the priority list) for funding are listed below Table 2.

**Table 2**  
**Project Priority List - Partial List**  
**As of June 30, 2003**

(partial list - see section B for full list)

System Name	Project No.	County	Pop.	ProjectTitle	Project Total	Request DWB	Funds Authorized	Principal Forgiveness
<b>Authorized by the Drinking Water Board - Loan not closed</b>								
MANTI	3F022	Sanpete	2,542	Storage & Dist. Pipe	\$2,648,000	\$1,074,000	\$1,074,000	\$215,000
KANOSH TOWN	3F023	Millard	500	Storage & Dist. Pipe	395,000	285,000	285,000	57,000
BILLY BETHERS	3F024	Wasatch	54	Source Redev, Treat., Stor., Distr	500,000	500,000	500,000	350,000
PRICE RIVER WID	3F027	Carbon	2,000	Dist Pipe	904,000	904,000	904,000	181,000
TWIN CREEKS SSD	3F028	Wasatch	54	Source Redev, Treat., Stor., Distr	700,000	450,000	450,000	90,000
TIMBER LAKES SSD	3F029	Wasatch	1,900	Storage, Distribution	1,250,000	1,000,000	1,000,000	0
OREM	3F030	Utah	84,000	Storage Tank	7,500,000	3,000,000	3,000,000	
<b>Not authorized - at various stages of review by staff</b>								
WENDOVER CITY, UTAH		Tooele	1,232	Transmission Line	1,400,000	950,000		
UPPER WHITEMORE		Utah	60	Chlorinator, Tank Deterioration, Dist,	170,000	165,000		
LOGAN CITY		Cache	45,065	Storage Tank & Distr Pipe	9,141,000	5,000,000		

As conditions change, the Board may reassess project readiness, and delay funding to those the Board considers “not ready to precede” rule R309-705-6.

#### **IV. Description of Criteria and Method Used for Distribution of Funds**

The complete description of the criteria and method used for distribution of funds is outlined in Utah Administrative Code R309-705-6. As described in R309-705-6, the priority system assigns points to systems showing a deficiency in source, storage, treatment, and/or the distribution system. Points are assigned based on the relative risk of each deficiency, and are divided as applicable between health risk and compliance with SDWA. The applicant’s priority points are modified by financial factor, known as the Rate Factor and the AGI Factor. Their calculation is shown below:

Priority rating= (Average number of points received) X (Rate Factor) X (AGI Factor)

Where: Rate Factor = (Average System Water Bill / Average State Water Bill)

AGI Factor= (State Median AGI/ System Median AGI)

The priority points for demonstrated deficiencies are multiplied by the Rate Factor and AGI Factor to arrive at a final priority rating. This method addresses financial hardships caused in less affluent communities, and in those already experiencing higher water rates.

Upon arriving at a final priority rating for each applicant, each application is rated and a list compiled. The Board may, at its option, modify a project’s priority rating based on the conditions described in R309-705.

Effective interest/hardship rate calculation methods will be determined by Board resolution

using the Revenue Bond Buyer Index (RBBI) as a basis point. The effective rate will not exceed the RBBI and may be reduced to a potential minimum of zero percent.

## V. Description of the Financial Status of the DWSRF Program and the 2003 Request

### A. Financial status:

Initial capitalization for the Utah DWSRF program was provided from the 1997 Federal Capitalization Grant and state matching dollars. Source and Use of funds available to the Drinking Water State Revolving Loan Fund is attached as Exhibit F. For the six year period, 1997 through 2002, SRF capitalization grants totaling \$50,574,500 have been received, \$40,851,219 was added to the loan program and \$9,891,281 was used in the set-aside programs. The State 20% match for the five-year period of \$10,148,500 was added to the loan program. Through March 1, 2003 the Board has authorized and approved 27 projects totaling \$45,009,000. Seventeen project totaling \$35,157,000 have been closed (committed) and 7 projects totaling \$9,852,000 have be authorized by the Board but which have not been closed (not committed). Revenue, disbursements and balances are shown in the financial statements. The DWSRF finance flow chart is included at Part E figure 1.

### B. 2003 Capitalization Grant Request

We are applying for \$8,004,100 the amount allocated to the State of Utah for FFY 2003, \$6,473,444 will be provided to the loan fund and \$1,530,656 to set-asides. The state 20% match of \$1,600,820 will also be added to the loan fund. The allocation is shown in table 3.

Table 3 Allocation of the FFY 2003 Capitalization Grant and State Match				
	Loan Program	Set-Asides	Total Amount	Percent
Loan Fund	\$ 6,473,444	\$ -	\$ 6,473,444	80.88%
Set-asides				
Administration		320,164	320,164	4.00%
State Program Management :				
Program Augmentation		735,410	735,410	9.19%
Source Protection		0	0	
Capacity Development		0	0	
Operator Certification		65,000	65,000	0.81%
Total State Program Management		800,410	800,410	10.00%
Small System technical Assistance		160,082	160,082	2.00%
Local Assistance and Other State Programs		250,000	250,000	3.12%
Capitalization Grant Totals	6,473,444	1,530,656	8,004,100	100.00%
State 20% Match	1,600,820		1,600,820	20.00%
State Program Management 1 for 1 match		800,410	800,410	10.00%
Totals	\$ 8,074,264	\$ 2,331,066	\$ 10,405,330	

The State Program Management set-aside requires a dollar for dollar match

## **VI. Description of the Short and Long-Term Goals of the DWSRF Program**

The DWSRF program will help ensure that Utah's drinking water supplies remain safe and affordable, and drinking water systems be properly operated and maintained. The objectives of the DWSRF program include ensuring the public health, achieving compliance with SDWA, and assisting systems to provide affordable drinking water.

### **Short-Term Loan Fund Goal**

- Our goal is to assist prospective borrowers during facility planning and preparation of their project funding applications and authorize funding for these projects and assist during project construction.

### **Short-Term Set-Aside Goals**

- Continue funding for the Enhance PWSS program.
- Continue funding for the expand Operator Certification program
- Continue funding for the expand source protection program
- Continue funding for DWSRF administrative needs
- Educate and support water suppliers with their water protection (counter-terrorism) efforts.

### **Long-Term Goals For The Loan Funds and The Set-Aside Funds**

- To provide a permanent source of funding which can be used in combination with financing from a community's own resources and other funding sources to assist in financing needed drinking water projects. The Federal SRF funds allocation, the State 20% match, repayments, interest payments and earnings on the invested cash balance provide funding.
- To evaluate and prioritize drinking water needs within the state to allow funds to be distributed in a priority manner
- To protect public health
- To help public water suppliers achieve and maintain compliance with federal and state drinking water standards.
- To enhance long term water system viability
- To assist public water suppliers to improve drinking water quality and dependability by providing SRF loans to applicants in greatest need.
- Educate and support water suppliers with their water protection (counter-terrorism) efforts. Drinking Water has a EPA grant for this purpose however, should additional funds be required State general funds and/or DWSRF set-aside funds might be used.

## **VII. Transfer and Cross-Collateralization of Funds Between the DWSRF and CWSRF Programs.**

Section 302 of the SDWA authorizes the transfer up to 33 percent of the amount of a fiscal year's DWSRF program capitalization grant to the CWSRF program or an equivalent amount from the CWSRF program to the DWSRF program. There has been no transfer of funds and

no transfers are anticipated.

## **VIII. Assistance for Disadvantaged Communities**

Section 1452 (d) allows the state to provide additional loan subsidies to benefit communities meeting the State's definition of "disadvantaged" provided that for each fiscal year the total amount of loan subsidies may not exceed 30 percent of the amount of the capitalization grant for the year.

The Utah Drinking Water Board defines a Disadvantaged Communities as those communities located in an area which has a median adjusted gross income which is less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax Commission from federal individual income tax returns excluding zero exemption returns.

The amount and type of financial assistance offered by the Board will be based upon the criteria shown in R309-750.6 (2). Disadvantaged communities may receive zero-percent loans, negative interest rate loans, or principal-forgiveness loans. Terms for each method of financial assistance shall be determined by Board resolution.

The Board has determined that up to 20% of DWSRF funds may be used for subsidies to disadvantaged communities.

## **IX. Costs Incurred After Application and Prior to Execution of the Loan Agreement**

Eligible project costs incurred after application to the Drinking Water Board and prior to execution of the loan agreement are eligible for reimbursement. However, reimbursement will only be made after the loan closing.

## **X. Municipal Bond Legal Fees**

The Board may purchase bonds of the applicant only if the bonds are accompanied by a legal opinion of a recognized municipal bond counsel selected by the Drinking Water Board (R309-705-8 (2)). The loan recipient is responsible for the legal costs. Legal costs may be paid from the loan proceeds.

## **XI. Set-Aside Activities**

The state will not use set-aside funds for those projects or project-related costs that are eligible or explicitly ineligible for assistance from the Fund (loan funds) except the State may use set-aside funds for (1) project planning and design costs for small systems, and (2) for costs associated with restructuring a system as part of a capacity development strategy.

The state may use up to 10% of the funds allocated for State Program Management. The State matches the expenditures with at least an equal amount of State funds. At least half of the match must be additional to the amount expended by the State for public water supervision in fiscal year 1993. The State is authorized to use the amount of State funds it

expended on its PWSS program in fiscal year 1993 as a credit toward meeting its match requirement. The value of this credit can be up to but not greater than 50 percent of the amount of the match that is required.

The State will have no difficulty in meeting the required match for FFY 2003.

The amount of and the intended uses of each set-aside are described in Part D.

## **XII. Withholding of Funds**

EPA will withhold funds under the following provisions:

1. Unless the State has authority to ensure all new community water systems and new nontransient, noncommunity water systems commencing operation after October 1, 1999, demonstrate technical, managerial, and financial capacity with respect to each drinking water regulation in effect. Utah Code Annotated 19-4-104 empowers the Drinking Water Board with rule making authority to meet the requirements of federal law governing drinking water.
2. The State is not developing and implementing a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity.
3. The State has not adopted and is not implementing a program for certifying operators of community and nontransient, noncommunity public water systems. EPA's approval of the State's operator certification program has been received.

## **XIII. Meaningful Public Review of the IUP**

The IUP was published on the Drinking Water web site, [www.deq.state.ut.us](http://www.deq.state.ut.us). Notice of the posting and request for public comment was included on the Drinking Water Board August 8, 2003 meeting agenda, which is mailed to approximately 300 interested individuals and agencies asking for review and comments. In addition copies were mailed to the Governor's Office of Planning and Budget, the Utah League of Cities and Towns, and the Rural Water Association of Utah. Public. Comment may be made in writing addressed to the Drinking Water Board at 150 North 1950 West, PO Box 144830, Salt Lake City, Utah 84114-4830 or in person at a regular scheduled Board meeting. The next regularly scheduled Board meeting is August 8, 2003.

## **IVX. Environmental Reviews and Categorical Exclusions**

The State environmental review process (SEPR) is described in the Operating Agreement.

The Grantee, the State of Utah, may elect to partition an environmental review or Cat Ex from environmental review. The procedures listed below will be followed by the State in order to evaluate if partitioning a Cat Ex from environmental review is appropriate.

### **A. Authority:**

The authority for including these procedures in the Division's Intended Use Plan (IUP) and State Environmental Review Process (SERP) is contained in the safe Drinking Water Act

(SDWA) Amendments of 1996 (Pub. L. 104-182) and the guidance provided by the EPA Drinking Water State Revolving Fund Program Guidelines, document # 816-R-97-005 (February 1997). In particular, see Section IV. STATE/PROJECT LEVEL AUTHORITIES, Subsection B. Environmental Reviews.

**B. Procedures for Making Determination Cat Ex:**

1. If the Division has reason to believe that the project falls within one of the categories listed under paragraph “C” and thereby may qualify for a Cat Ex from environmental review, the State will make a preliminary survey of the proposed project site(s).
2. During this survey the State will evaluate whether or not the project meets the criteria for a Cat Ex from environmental review.
3. If the State determines the site qualifies for Cat Ex from environmental review, it will document the justification of this determination, including a listing of the dates of activities, which led to this determination, and a statement of relevant findings.
4. Even if the project qualifies for Cat Ex from environmental review according to the criteria listed under paragraph “C”, the State may require an environmental review if the State determines that an environmental review is warranted or appropriate because of conditions found at the site or because the project is controversial.

**C. Criteria for Categorical Exclusion From Environmental Review:**

In order for a project to qualify for an environmental determination of Cat Ex from environmental review, the general location of the project should have been previously disturbed. Site conditions which will be evaluated in making this determination include a) how urbanized the location is, b) whether wildlife has previously been displaced, and c) whether the wildlife habitat has been previously destroyed or replaced. The project site shall meet at least one of the following criteria:

1. A proposed water line will be placed in a roadway(s) and/or right-of-ways where existing pipes, telephone wires, bales, or other facilities have previously been installed.
2. A proposed tank site will be located on a site with other previously constructed utility facilities on a previously disturbed site.
3. The proposed facilities will be located at a site with other existing community infrastructure; e.g. a booster station, pump house, water treatment plant, or similar facility within a previously disturbed area and which will not extend into sensitive areas in the ground or adjacent to the previously disturbed area.

- D. Public Notice and Participation:** The State will provide public notice when a Cat Ex is issued or rescinded. However, no formal public comment period need be provided prior to the Cat Ex becoming effective

**XV. Capacity Development**

**Eligible Systems.** The Safe Drinking Water Act (SDWA) allows DWSRF assistance to publically and privately owned community water systems and nonprofit non-community water

systems other than systems owned by Federal agencies. Federal Regulations also set forth certain circumstances under which systems that will become community water systems upon completion of a project may be eligible for assistance. State of Utah Administrative Rule R309-705 Financial Assistance: Federal Drinking Water Project Revolving Loan Program establishes criteria for financial assistance to public drinking water system in accordance with a federal grant established under 42 U.S.C. 300j et seq., federal Safe Drinking Water Act. The SDWA requires that loan recipients must demonstrate the technical, financial and managerial capacity (TFM) to comply with the SDWA and not be in significant noncompliance with any requirement of a national primary drinking water standard or variance. The State will assess TFM and compliance in accordance with State of Utah Administrative Rules for Public Drinking Water Systems R309-352 Capacity Development Program after loan applications have been received. Those systems lacking in TFM or compliance may still be eligible for a loan if the loan will address the non-compliance or the system agrees to undertake feasible and appropriate changes in operations.

## **PART B: PROJECT PRIORITY LIST (FULL LIST)**

Priority Points	Project Priority List As of June 30, 2003								
	System Name	Project No.	County	Pop.	ProjectTitle	Project Total	Request DWB	Funds Authorized	Principal Forgiveness
<b>Completed</b>									
A	102.4 DAGGETT CO W&SID	3F004	Daggett	250	Dist. Pipe	\$1,600,000	\$750,000	\$750,000	\$150,000
A	71.4 GORGOZA MUT WATER Co	3F012	Summit	4,500	New Well to replace damaged well	351,000	351,000	351,000	
A	70.5 GREEN RIVER (2)	3F005	Emery	831	WTP replacement	1,952,000	1,952,000	1,952,000	390,000
A	67.8 BRIGHAM CITY	3F006	Box Elder	16,618	New Concrete Reservoir	2,250,000	2,050,000	2,050,000	
A	66.3 PLEASANT GROVE	3F007	Utah	14,000	Storage	2,000,000	1,700,000	1,700,000	
A	52.1 ROCKVILLE PIPELINE CO	3F001	Wash.	195	Lines	470,000	230,000	230,000	115,000
A	36.4 PAROWAN CITY	3F015	Iron	2,200	Well, Storage Tank, & Trans Pipe	803,000	723,000	723,000	144,600
A	34.1 PROVIDENCE CITY	3F013	Cache	4,800	Storage, Trans/Dist Pipes & Boost. Sta	1,350,000	1,350,000	1,350,000	
<b>Under construction</b>									
A	124.3 WENDOVER CITY	3F002 & 20	Tooele	1,232	Source, Trans, Treatment Plt, Storage	8,070,600	6,595,600	3,416,000	660,000
A	76.4 DRAPER IRRIGATION CO	3F009	Salt Lake		WTP Modification and Improvements	9,700,000	7,200,000	7,200,000	
A	75.0 WEBER BASIN WCD	3F008	Davis	300,000	WTP upgrade	31,086,000	6,000,000	6,000,000	
A	67.2 SPANISH VALLY WSID	3F003 & 19	Grand	2,024	Storage, Dist. Pipe	4,883,000	3,000,000	3,000,000	600,000
A	65.4 EMIGRATION IMPRV. DIST	3F011	Salt Lake		Water System Extension, Strg & Trmt	2,432,000	1,846,000	1,846,000	
A	48.4 SOUTH SALT LAKE CITY	3F010	Salt Lake	18,000	Dist Pipe, Treatment, & New Well	3,629,700	3,000,000	3,000,000	
A	47.9 PANGUITCH	3F014	Garfield	1,531	Redev. Spr, Well & Dist. Pipe	1,700,000	1,600,000	1,600,000	320,000
A	46.9 INTERLAKEN M. W. CO	3F026	Wasatch	500	Storage Tank & Distr Pipe	1,560,000	1,248,000	1,248,000	
A	41.6 DUCHESNE CITY	3F017	Duchesne	1,500	Storage, Dist Pipe	1,400,000	1,300,000	700,000	140,000
A	38.2 MONTE VISTA	3F018	Iron	140	Dist. Pipe	201,000	178,000	354,000	71,000
A	36.3 COPPERTON IMPROV DIST	3F016	Salt Lake	1,000	Dist/Trans Pipe & Well Pump House	1,876,025	1,776,025	1,000,000	
A	27.5 HERRIMAN	3F022	Salt Lake	?	Storage & Dist. Pipe	8,000,000	3,600,000	3,600,000	
<b>Authorized by the Drinking Water Board - Loan not closed</b>									
A	57.5 TIMBER LAKES SSD	3F029	Wasatch	1,900	Storage, Distribution	1,250,000	1,000,000	1,000,000	
A	54.3 BILLY BETHERS	3F024	Wasatch	54	Source Redev, Treat., Stor., Distr	500,000	500,000	500,000	350,000
A	54.3 TWIN CREEKS SSD	3F028	Wasatch	54	Source Redev, Treat., Stor., Distr	700,000	450,000	450,000	90,000
A	44.1 PRICE RIVER WID	3F027	Carbon	2,000	Dist Pipe	904,000	904,000	904,000	181,000
A	36.8 KANOSH TOWN	3F023	Millard	500	Storage & Dist. Pipe	395,000	285,000	285,000	57,000
A	29.3 MANTI	3F022	Sanpete	2,542	Storage & Dist. Pipe	2,648,000	1,074,000	1,074,000	215,000
A	16.7 OREM	3F030	Utah	84,000	Storage Tank	7,500,000	3,000,000	3,000,000	
<b>Not authorized - at various stage of review by staff</b>									
	121.9 WENDOVER CITY, UTAH		Tooele	1,232	Transmission Line	1,400,000	950,000		
	99.2 UPPER WHITEMORE		Utah	60	Chlorinator, Tank Deterioration, Dist,	170,000	165,000		
	74.5 LOGAN CITY		Cache	45,065	Storage Tank & Distr Pipe	9,141,000	5,000,000		
	51.2 PARAGONAH (1)		Iron	470	Storage	163,200	163,000		
	49.3 NEW PARRIA		Kane	15	Deteriorated Storage Tank	145,000	145,000		
	48.9 OAK HAVEN		Wasatch	150	Dist. Pipe & New Well	478,000	478,000		
	43.2 WILKINSON		Morgan	260	Storage	137,000	137,000		
	37.9 TRENTON		Cache	520	Well, Trans & Dist Pipe	3,700,000	900,000		
	37.3 CENTERFIELD		Sanpete	794	Storage, New Well & Trans./Dist. Pipe	1,580,600	1,580,600		
	35.0 DAVIS (1)		Davis	95,000	WTP modifications	3,570,000	2,070,000		
	34.6 SWISS ALPINE WATER CO.		Wasatch	300	Storage	230,000	220,000		
	34.5 BLUFF		San Juan	250	Dist. Pipe	47,150	47,150		
	34.3 GUNLOCK		Wash.	130	Dist. Pipe & Storage	460,200	400,000		
	33.7 COOL SPRINGS		Salt Lake	24	Dist. Pipe	89,910	69,910		
	33.3 DIST		Tooele		Source, Trans, Treatment, & Storage	500,000	365,000		
	33.0 USERS		Weber	?	New well, Storage, Dist. Improvements	1,294,875	744,875		
	31.3 GREEN RIVER (1)		Emery	831	Dist. Pipe	500,000	500,000		
	#REF! MANILA		Daggett	1,000	Distribution System + CL2	1,200,000	240,000		
	28.0 LEVAN TOWN		Juab		Distribution System	1,000,000	960,000		
	27.3 CENTRAL UTAH WCD		Uintah	?	Storage	5,723,000	3,842,000		
	27.1 ENTERPRISE		Wash.	1,500	Dev. Sprg., New Well, Stor. & Dist. Pipe	2,536,000	2,536,000		
	26.9 SKYLINE MOUNTAIN SSD		Sanpete	?	Spring Dev. Storage, Distribution	517,666	428,166		
	26.3 CEDAR HILLS (4)		Utah	1,465	Purchase Well	150,000	150,000		
	25.6 ENOCH		Iron	2,500	Storage repair	310,667	100,000		
	#REF! GARDEN CITY (TOWN)		Rich	1,500	Treatment	2,700,000	1,000,000		

Priority Points	Project Priority List As of June 30, 2003								
	System Name	Project No.	County	Pop.	ProjectTitle	Project Total	Request DWB	Funds Authorized	Principal Forgiveness
25.0	DAVIS (4)		Davis	95,000	WTP modifications	1,800,000	1,500,000		
25.0	ESCALANTE		Garfield	749	Trans. / Dist. Pipe	63,000	63,000		
23.8	BLANDING		San Juan	3,322	Double WTP Capacity	2,000,000	2,000,000		
23.7	MORGAN CITY		Morgan	2,635	Storage & Dist. Pipe	2,143,000	1,993,000		
23.3	WATERWORKS		Sanpete	27	Spr. Collection Imp. & Distribution	25,500	18,000		
23.0	CORP.		Box Elder	270	New Well & Transmission Pipe	500,000	500,000		
17.6	RICHVILLE		Morgan	84	Storage & Dist. Pipe	289,400	289,400		
17.2	DISTRICT		Duchesne	1,750	Storage Tank	875,000	875,000		
16.7	LASAL SSD		San Juan	25	New System	1,250,000	500,000		
14.6	HILDALE/COLORADO CITY		Wash.	3,500	New Wells, Storage & Trans/Dist. Pipe	3,000,000	3,000,000		
14.5	CEDAR CITY		Iron	15,748	New Well, Stor. & Trans. Pipe	2,775,000	2,125,000		
14.1	REDMOND		Sevier	726	New Well, Stor. & Dist. Pipe	650,000	575,000		
12.8	AREA #3		Summit	520	New Well, Repl. Booster Sta, Piping	548,275	548,275		
12.5	MUTUAL		Kane	800	Source Prot. Plan & System Purchase	46,000	46,000		
12.5	DAVIS (2)		Davis	95,000	Engr. Study	330,000	300,000		
12.1	HENRIEVILLE		Garfield	167	Source Prot. Plan	7,500	7,500		
14.1	ACME WATER COMPANY		Box Elder	600	Storage	150,000	120,000		
10.0	FOSTER'S STEAKHOUSE		Garfield	25	New System	345,000	345,000		
8.0	CAMP PINECLIFF		Summit	55	New Well	12,000	12,000		
7.9	UTAH STATE UNIVERSITY		Cache		Water Storage Tank	139,700	139,700		
7.8	WOODS CROSS		Davis	5,378	Equip. Well	200,000	150,000		
2.3	EAST CARBON CITY		Carbon	1,500	Treatment & Dist. System Expansion	1,036,700	1,036,700		
0.0	ALPINE COVE		Utah	154	New Well, Stor. & Water Rights	24,000	24,000		
0.0	ALTA		Salt Lake	397	Antimony Treat.	310,000	270,000		
0.0	BONA VISTA		Weber	17,500	Storage & Dist. Pipe	550,000	550,000		
0.0	Farm		Garfield	130	Storage, Dist. Pipe & Water Right chg	480,000	210,000		
0.0	CAMP TUTTLE		Salt Lake	80	?	200,000	80,000		
0.0	CEDAR HILLS (1-3)		Utah	1,465	Irr. Stor., Dist. Pipe & Backflow prev.	960,000	960,000		
0.0	DANIEL-BETHERS		Wasatch	350	Storage Tank & Trans. Pipe	0	0		
0.0	COUNTY		Duchesne	1,700	Dev. Spring	150,000	150,000		
0.0	EAGLE MOUNTAIN		Utah	300	Storage & Dist. Pipe	178,000	175,000		
0.0	ECHO MUTUAL		Summit	70	Trans. Pipe	158,073	158,073		
0.0	FAIRVIEW		Sanpete	1,213	Source Dev. & Dist. Pipe	750,000	750,000		
0.0	FRUITLAND		Duchesne	150	Dist. Pipe	1,000,000	1,000,000		
0.0	GLEN CANYON SSD #1 (1)		Kane	500	Engr. Study	12,000	10,000		
0.0	GLEN CANYON SSD #1 (2)		Kane	500	Storage repair	19,000	17,000		
0.0	GRAND COUNTY WCD		Grand	2,000	Storage & Trans. Pipe	778,400	700,000		
0.0	GREENDALE		Daggett	450	WTP	200,000	200,000		
0.0	HENRIEVILLE		Garfield	167	Trans./Dist. Pipe	471,000	471,000		
0.0	HIGH CREEK WATER		Cache	80	Disinfection Facilities	20,000	20,000		
0.0	DEV.		Utah	?	PRV's	110,000	110,000		
0.0	LA VERKIN (1)		Wash.	3,000	Storage & Dist. Pipe	65,500	32,750		
0.0	LA VERKIN (2)		Wash.	3,000	Dist. Pipe	302,258	151,129		
0.0	LAKETOWN		Rich	2,594	Dist. Pipe	180,000	150,000		
0.0	MAESER		Uintah	3,020	Dist. Pipe	30,000	10,000		
0.0	MAGNA		Salt Lake	19,440	Storage & WTP	4,860,000	3,860,000		
0.0	MANILA		Daggett	239	WTP modifications	1,000,000	1,000,000		
0.0	MANTUA		Box Elder	760	Storage & Dist. Pipe	300,500	300,500		
0.0	MAYFIELD		Sanpete	483	Source Prot. Plan	15,000	15,000		
0.0	ASSOC		Kane	?	Engr. Study	5,279	5,000		
0.0	MILFORD		Beaver	1,219	Dev. Sources, Stor. & Trans. Pipe	791,500	0		
0.0	OGDEN		Weber	67,763	?	0	0		
0.0	PARAGONAH (2)		Iron	470	Source Prot. Plan	10,000	10,000		
0.0	PINECREST PIPELINE		Salt Lake	32	Storage & Dist. Pipe	247,100	247,100		
0.0	(Mystery)		Utah	15,813	?	0	0		
0.0	SALINA		Sevier	2,079	Storage & Dist. Pipe	3,409,000	10,340,000		
0.0	BLUFF (3)		San Juan	250	?	113,850	103,850		
0.0	WATER DIST		Salt Lake	700,000	WTP modifications	8,000,000	8,000,000		
0.0	SPRINGVILLE		Utah	18,500	New Well & Storage	2,000,000	2,000,000		

Priority Points	Project Priority List As of June 30, 2003								
	System Name	Project No.	County	Pop.	ProjectTitle	Project Total	Request DWB	Funds Authorized	Principal Forgiveness
0.0	TIMBER LAKES SSD		Wasatch	800	Dev. Springs, Stor. & Dist. Pipe	4,600,000	3,100,000		
0.0	TOQUERVILLE		Wash.	684	Dist. Pipe	227,359	113,680		
0.0	UINTAH		Weber	838	Dist. Pipe	141,533	141,533		
0.0	UPPER WHITEMORE		Utah	?	Redev. Springs, Stor. & Dist. Pipe	400,000	400,000		
0.0	UTAH COUNTY (1)		Utah	?	?	50,500	38,000		
0.0	UTAH COUNTY (2)		Utah	?	?	64,500	48,000		
0.0	UTAH STATE UNIVERSITY		Cache	9,000	Dist. Pipe	360,000	330,000		
0.0	VERNAL		Uintah	7,291	Storage repair	280,000	200,000		
0.0	WASHINGTON CO WCD		Wash.	50,000	Source Dev.	4,775,000	3,775,000		
0.0	DAVIS (3)		Davis	95,000	Engr. Study (Summit Co. WTP)	220,000	170,000		
0.0	WELLSVILLE		Cache	2,500	Dist. Pipe	400,000	325,000		
0.0	WHITE CITY WID		Salt Lake	13,129	Purchase Sys.(White City pws)	10,400,000	10,400,000		
0.0	YOUNG OAK WATER CO.		Salt Lake	27	Land, Storage & Dist. Pipe	230,000	230,000		

**PART C: UTAH ADMINISTRATIVE CODE (UAC) R309-705, “UTAH  
FEDERAL STATE REVOLVING FUND (SRF) PROGRAM”**

Available at [www.deq.state.ut.us/eqd](http://www.deq.state.ut.us/eqd)

Printed copies are available on request

**PART D: SET-ASIDES FUNDS**

## SET-ASIDE FUNDING WILL BE USED TO:

- fund established programs
- fund continuing growth
- fund increasing operating costs
- to the extent set-aside funds are available assist in funding the additional staff needed to implement new federal rules regarding regulation of drinking water contaminants

## FUNDING REQUESTS

Set-aside funds are used on first received first used bases. Unused funds are carried forward to the next fiscal year. Set-aside funds allocated from the Federal 2003 grant will be used in state fiscal years 2004 and after.

1. Administration set-aside -- we are requesting \$322,100 (4% X \$8,052,500) the maximum

Section 1452 (g) (2) of the Act addresses funding for administration of the federal DWSRF program. In the Act, up to 4% of the capitalization grant is available for administration. We are requesting the maximum 4%. We will fund between three and four full-time equivalents (FTEs) position to operate the program for state fiscal year 2004. Additional administration costs are being incurred as the loan program grows. The additional costs include accounting for and tracking second round money, interest and hardship fee payments; MBE/WBE tracking and reporting; assistance provided to applicants and borrows.

Funding the salary, benefits, office space, equipment, travel, training and supplies budget for 2004 will be approximately \$255,000. The administration set-aside does not require a state dollar for dollar match.

2. State Programs – we are requesting \$800,410 (10% x \$8,052,500) the maximum. This set-aside requires a dollar for dollar state match

The Act, Section 1452 (g) (2) allows up to 10% of the allotment to be used for State Program Management. The state must provide a dollar for dollar. The dollar for dollar match requirement is separate and in addition to the 20 percent match for the capitalization grant. We are able to meet the required dollar for dollar match using the current year State general fund allotment and, if need, the credit allowed by section 1452 (g) (2) for fiscal year 1993 PWSS expenses.

This set-aside provides funding for Program Augmentation, Capacity Development, Operator Certification, and Source Protection Administration programs. For the Capacity Development, Operator Certification, and Source Protection Administration set-asides our goal, using carry-over funds and current year funding, is to have funding for two years. The remaining current year funding is allocated to the Program Augmentation set-aside. The 2003 set-aside funding will be allocated \$65,000 to Operator Certification and \$735,410 to Program Augmentation. Carryover funding for Capacity Development and Operator Certification is sufficient for two years.

Program Description:

- Program Augmentation -- we are requesting \$735,410

Continues support of the existing state PWSS program. Support is necessary to continue to perform basic core functions such as sanitary surveys, plan reviews, compliance monitoring, groundwater source protection, and many other facets of public health protection. Growth impacts in the state combined with the lack of resources when the 1986 SDWA amendments were adopted created a tremendous workload. The Program Augmentation funds are used to support additional staff. In FY2001 we contracted with the Rural Water Association of Utah for an additional two FTEs worth of work to do data input, and secretary type work to free up scientist and engineers from filing, data input, and other non-professional duties. The 2003 award will be used to continue the funding for staff and contract employees.

The State of Utah contracts with the twelve local health departments (LHD) to conduct sanitary surveys. \$75,000 is funded from the program augmentation set-aside the balance from state general funds.

The Program Augmentation budget for FY 2004 is \$542,500

- Capacity Development Program – we are requesting \$0.00

The State of Utah has statutory authority (Section 19-4-104 of the Utah Safe Drinking Water Act) for a capacity development program. We will use the time, as needed, of one FTE to oversee and maintain the program.

Sufficient carryover funds are available to fund the needs for two fiscal years. The budget for SFY 2004 is \$30,000.

- Operator Certification Program – we are requesting \$65,000

The state of Utah has an Operator Certification program that has been mandatory since 1985. Prior to 1997 the program required community water systems serving more than 800 population and any public water systems treating surface water to have a certified operator. The statutory authority to reduce the threshold from 800 to 25 population was enacted by the 1997 Legislature. The new Safe Drinking Water Act requires all community and non-transient, non-community water systems and all public water systems that treat surface water to have a certified operator. As a result of lowering the mandatory threshold from 800 to 25, the number of water systems requiring certification in Utah triples. The most significant changes have been to the rules regarding 1) certified operators for systems serving a population less than 800, 2) operator's grade level, and 3) grandparent certification. These new guidelines were implemented by the State of Utah on February 1, 2001. Water systems will have until February 1, 2003 to comply with the new rule.

EPA published final Guidance (EPA-816-R-98-006) in July 1998. The Final guidance established national policy regarding the implementation of the operator certification related provisions of the SDWA including how EPA would assess State operator certification

program for purposes of making withholding decisions. EPA has approved the State's operator certification program.

This set-aside has allowed for the funding for a portion of the time of one FTE plus benefits, office space, equipment, travel, training and supplies. The budget for SFY 200 is \$42,000, which does not include the costs to be covered by the dollar for dollar match.

- Source Protection Administration -- we are requesting \$0.00

The SDWA Amendments of 1996 require states to develop and carry out a source water quality assessment program for all public water systems. The time, as needed, of one FTE is dedicated to developing, implementing, and coordinating this program.

The budget for SFY 2004 is \$48,000, which does not include the costs to be covered by the dollar for dollar match.

3. Small Systems Technical Assistance – we are requesting \$160,082 (2% X \$8,004,100)

The Act allows up to a total of 2% of the allotment to provide technical assistance to public water systems serving 10,000 people or fewer (section 1452(g) (2)). Utah is applying for the full 2%. Funding, based on 2% of the federal fiscal year 2003 allotment of \$8,004,100 is \$160,082.

Augmenting the state capacity development program is the Rural Water Association of Utah (RWAU). The State PWSS program uses the RWAU to assist the Division of Drinking Water to accomplish the following:

- Plan, schedule and carry out two one-day workshops for system operators on drinking water rules.
- Meet with county commissioners at their regularly scheduled meetings to provide information to commissioners regarding Capacity development and other Safe Drinking Water Act issues.
- Assist water systems with less than 10,000 population (defined by EPA as small systems) with financial, managerial, and technical issues. Assist systems in preparing management, conservation, financial, capital improvement, sampling and cross connection control plans. Assist in the regional water planning initiative. Train water system boards and councils. Conduct six onsite training sessions for system personnel. Perform tri-annual financial and management audits for targeted systems as identified.
- Provide one-on-one assistance in the field with water system personnel serving less than 3,300 population, who need computer training and help in trouble shooting computer problems. Develop, organize and implement small group computer training on “need-to-know” water related computer topics. Assist with understanding of consumer confidence reporting and how to develop the report. Assist water system personnel in learning and perfecting use of various pieces of software and database to improve water system

operations.

- As resources are available and as requested by the Drinking Water Board, assist water systems that have borrowed funds from the Drinking Water Board.

For federal fiscal year 2003 the amount requested for Small Systems Technical Assistance is \$160,082, the 2% maximum. The budget for FY 2004 is \$198,000. Carryover funds will be used to fund a portion of the costs.

The Small Systems Technical Assistance set-aside does not require a state dollar for dollar match.

4. Local Assistance and Other State Programs - \$250,000

A State may fund several other categories of activities to assist development and/or implementation of local drinking water protection initiatives (section 1452(k)). We are budgeting \$250,000 for wellhead protection including source water activities for ground water systems and sanitary surveys

3. The intended use of set-aside funds:

- Maintain the staff (FTEs) hired with set-aside funds including benefits, costs allocated as a percent of personal services, and other related costs.
- Continue our contract with the Rural Water Association of Utah to implement portions of the expanded operator certification and capacity development programs.
- Continue our contracts with the twelve local health departments to conduct sanitary surveys.

## **SECTION E: ATTACHMENT**

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ORGANIZATION CHART

SRF FINANCE FLOW CHART

ATTORNEY GENERAL ENABLING LEGISLATION OPINION LETTER

MEMORANDUM OF AGREEMENT WITH THE DIVISION OF FINANCE

MEMORANDUM BETWEEN THE UTAH DIVISION OF DRINKING WATER AND THE  
UTAH DIVISION OF WATER QUALITY

